Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP]

May 9, 2016

Company name: Shibaura Electronics Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 6957
URL: http://www.shibaura-e.co.jp
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Scheduled date for the Ordinary General Meeting of Shareholders: June 29, 2016
Scheduled date for commencing dividend payments: June 30, 2016
Scheduled date for filing securities report: June 30, 2016
Availability of supplementary briefing materials on financial results: Yes
Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015, to March 31, 2016)

(1) Consolidated operating results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	21,261	5.7	1,663	(12.0)	1,710	(11.2)	1,213	(26.4)
March 31, 2015	20,113	7.2	1,889	38.3	1,926	24.3	1,648	40.2

(Note) Comprehensive income: Fiscal year ended March 31, 2016: ¥704 million [(72.5)%]
Fiscal year ended March 31, 2015: ¥2,559 million [31.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2016	156.10	—	6.7	6.5	7.8
March 31, 2015	212.08	—	9.7	7.8	9.4

(Reference) Equity in earnings (losses) of affiliated companies:
Fiscal year ended March 31, 2016: ¥— million
Fiscal year ended March 31, 2015: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	25,987	18,441	70.6	2,358.85
As of March 31, 2015	26,462	18,126	68.1	2,319.55

(Reference) Equity: As of March 31, 2016: ¥18,338 million
As of March 31, 2015: ¥18,033 million

(3) Consolidated cash flows

	Net cash flow provided by (used in) operating activities	Net cash flow provided by (used in) investing activities	Net cash flow provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2016	2,108	(1,544)	(1,068)	6,058
March 31, 2015	2,042	(1,169)	308	6,617

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	—	0.00	—	50.00	50.00
Fiscal year ended March 31, 2016	—	0.00	—	55.00	55.00
Fiscal year ending March 31, 2017 (Forecast)	—	0.00	—	55.00	55.00

	Total dividends paid	Payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	(Million yen)	%	%
Fiscal year ended March 31, 2015	388	23.6	2.3
Fiscal year ended March 31, 2016	427	35.2	2.4
Fiscal year ending March 31, 2017 (Forecast)		28.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	11,000	4.1	950	16.2	950	11.9	710	19.5	91.33
Full year	22,400	5.4	2,000	20.2	2,000	17.0	1,500	23.6	192.94

Notes:

(1) Changes in significant subsidiaries during the fiscal year under review: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: — Excluded: —

(2) Changes in accounting policies, changes in accounting estimates and restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Restatement: No

Note: For details, refer to page 20 of the attached material: “4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Change in Accounting Policies).”

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2016: 7,779,865 shares
March 31, 2015: 7,779,865 shares

2) Total number of treasury shares at the end of the period:

March 31, 2016: 5,597 shares
March 31, 2015: 5,455 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2016: 7,774,331 shares
Fiscal year ended March 31, 2015: 7,774,499 shares

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated operating results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	17,133	3.5	433	(7.7)	682	0.1	495	(32.8)
March 31, 2015	16,555	6.6	469	0.6	681	13.6	736	44.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2016	63.71	—
March 31, 2015	94.78	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	17,275	10,063	58.3	1,294.47
As of March 31, 2015	17,175	9,994	58.2	1,285.52

(Reference) Equity: As of March 31, 2016: ¥10,063 million
As of March 31, 2015: ¥9,994 million

* Presentation regarding the implementation status of the audit procedures

・This summary of consolidated financial results are outside the scope of the audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, the review procedures for the financial statements under the Financial Instruments and Exchange Act are in progress.

* Explanation of the proper use of the financial results forecast and other notes

・The earnings forecasts and other forward-looking statements herein are based on information available to the Company and on certain assumptions deemed reasonable as of the date of publication of this document. As such, it is not a commitment made by the Company to achieve them and actual results might differ significantly from these forecasts due to a wide range of factors. For the assumptions used as the basis for the financial results forecast and cautionary points on the use of the forecast, please refer to "Analysis of Operating Results" on page 2 of the appendix to this report.

・The Company plans to hold a financial results briefing session for institutional investors and analysts on May 26, 2016. The explanatory materials used on that day will be posted on the Company's website promptly after the session.

Appendix
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1. Analysis of Operating Results and Financial Position
   (1) Analysis of Operating Results
      1) Operating results for the fiscal year under review

Looking at the global economic environment surrounding the Group, consisting of Shibaura Electronics Co., Ltd. (the “Company”), and its subsidiaries (collectively, the “Group”), in the fiscal year ended March 31, 2016, the U.S. economy remained steady chiefly due to favorable consumer spending, whereas the European economy lacked power amid negative geopolitical factors and political concerns. The Chinese economy slowed with the increasingly apparent decline in the economic growth rate. On the other hand, the Japanese economy followed a gradual recovery path sustained by improved corporate performance supported by governmental economic policies and the monetary easing policy, as well as steady consumer spending due to the improvement of the employment environment.

Under these circumstances, the construction of the Shingburi Plant’s No. 5 Building of Thai Shibaura Denshi Co., Ltd., which is aimed at establishing its production systems to prepare for a future production increase, was completed in April 2015, and the new plant successfully started production. In the U.S., the Group established an overseas local sales subsidiary in September 2015 to develop the U.S. market, and has conducted aggressive marketing activities targeting automotive manufacturers, as well as domestic/overseas energy-saving and green-oriented manufacturers. As a result, the consolidated net sales of its thermistor sensors by application were ¥3,810 million (an increase of 11.1% year on year) for air conditioning, ¥3,348 million (a 12.4% decrease year on year) for home appliances, ¥2,253 million (a 2.2% increase year on year) for automotives, ¥2,219 million (a 1.2% increase year on year) for OA equipment, ¥1,916 million (a 6.2% increase year on year) for household equipment and ¥1,268 million (a 10.1% increase year on year) for industrial equipment. Meanwhile, net sales of thermistor elements increased 21.7% to ¥5,736 million, of which those for automotives increased 28.6% to ¥3,765 million.

As a result, consolidated net sales for the fiscal year under review increased 5.7% year on year to ¥21,261 million. In terms of profits, consolidated operating income decreased 12.0% to ¥1,663 million, consolidated ordinary income decreased 11.2% to ¥1,710 million and net income attributable to owners of parent decreased 26.4% to ¥1,213 million.

Meanwhile, effective from the end of the fiscal year ended March 31, 2016, Fukushima Shibaura Electronics Co., Ltd., a consolidated subsidiary, has changed its method for calculating the projected benefit obligations from the previous simplified method to the principle method because the number of its employees covered by the retirement benefit plan exceeded 300.

In association with this change, net defined benefit liability at the end of the fiscal year under review increased by ¥222 million, and the same amount was reported under cost of sales and selling, general and administrative expenses as retirement benefit expenses.

By regional segment, net sales increased 3.5% year on year to ¥17,133 million and operating income decreased 3.4% to ¥1,798 million in Japan. Net sales increased 1.5% year on year to ¥10,749 million and operating income decreased 12.7% to ¥534 million in Asia. Net sales increased 61.6% year on year to ¥779 million and operating income increased 3.6% to ¥31 million in Europe.

      2) Outlook for the fiscal year ending March 31, 2017

We forecast that our operating environment in the next fiscal year will face lingering uncertainty in the global economy such as concerns about the slowdown of the Chinese economy that continues to slow with a weakening growth rate although the U.S. economy is expected to continue steadily. In Japan, we will face an unpredictable situation with negative factors such as the downside risk in corporate performance, which could be caused by yen appreciation and the uncertainty in the global economy, as well as the weakness of consumer spending.

Given such circumstances, the Group will reinforce its R&D systems to address the development of next-generation products and promote aggressive business activities to gain higher market shares in the temperature sensor field. Specifically, we will stimulate needs and seeds in existing markets, expand sales in overseas markets and enter new markets by continually promoting technology-sales-integrated marketing activities, including use on environment-friendly vehicles (hybrid and EV) and environment-focused applications such as the use of high-temperature thermistors for exhaust gas control equipment. In addition, to promote cost reduction on a Group-wide basis such as further reduction in material costs, rationalization and efficiency improvement of overall manufacturing, we will dedicate all our strength to increasing operating performance via proactive capital investment in an effort to cope with investments in the automation of manufacturing processes and a future increase in orders.

Our forecast for the fiscal year ending March 31, 2017, is net sales of ¥22.4 billion (a year-on-year increase of 5.4%), operating income of ¥2.0 billion (a 20.2% increase), ordinary income of ¥2.0 billion (a 17.0% increase) and net income attributable to owners of parent of ¥1.5 billion (a 23.6% increase).

(2) Analysis of Financial Position

Analysis of assets, liabilities and net assets, as well as of cash flows

Total assets at the end of the fiscal year under review decreased ¥474 million from the end of the previous fiscal year to ¥25,987 million. The main cause of this decline was a decrease in property, plant and equipment due to depreciation and others. Total liabilities decreased ¥790 million year on year to ¥7,546 million. The main cause of this decline was a decrease in noncurrent liabilities due to a decline in long-term loans payable. Interest-bearing debt decreased ¥660 million year on year to ¥2,164 million.

Net assets at the end of the fiscal year under review increased ¥315 million from the end of the previous fiscal year to ¥18,441 million. The main cause of this increase was an increase in retained earnings. The Group’s equity ratio was 70.6%.

The Group’s cash and cash equivalents as of March 31, 2016 amounted to ¥6,058 million, down ¥559 million from the end of the previous fiscal year. The status of cash flows from operating, investing and financing activities and the major contributing factors were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥2,108 million compared with ¥2,042 million provided in the previous fiscal year. This was mainly because the cash increase primarily due to income before income taxes of ¥1,703 million and depreciation of ¥1,392 million considerably exceeded the cash decrease caused chiefly by an increase of ¥575 million in inventories and income taxes paid of ¥560 million.

Cash flows from investing activities

Net cash used in investing activities was ¥1,544 million compared with ¥1,169 million used in the previous fiscal year. This was primarily due to ¥1,507 million of purchase of property, plant and equipment for the improvement of productivity.

Cash flows from financing activities

Net cash used in financing activities was ¥1,068 million compared with ¥308 million provided in the previous fiscal year. This was mainly because the repayments of long-term loans payable exceeded the proceeds from long-term loans payable and the cash dividends paid amounting to ¥388 million.

(Reference) Cash flow indicators

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Equity ratio (%)	61.4	68.2	68.8	68.1	70.6
Equity ratio (market basis) (%)	55.3	44.8	71.6	61.7	49.2
Cash flows/interest-bearing debt ratio (%)	1.8	1.0	1.1	1.4	1.0
Interest coverage ratio (times)	58.7	86.3	96.6	102.7	146.1

Equity ratio: Equity/Total assets
Equity ratio (market basis): Market capitalization of shares/Total assets
Cash flows/interest-bearing debt ratio: Interest-bearing debt/Cash flows
Interest coverage ratio: Cash flows/Interest payment
Notes:
1. Each ratio is calculated based on the figures in the consolidated financial statements.
2. "Market capitalization" was calculated based on the number of issued shares after subtracting treasury shares.
3. The figure for "Cash flows" used in the above calculations comprises the figure for "Net cash provided by (used in) operating activities."
4. "Interest-bearing debt" includes all liabilities incurring interests in the consolidated balance sheets. The amount of interest payment comprises the amount of "Interest expenses" in the consolidated statements of cash flows.

(3) Basic Dividend Policy regarding Allocation of Profits and Dividends for Fiscal year Ended March 31, 2016 and Fiscal year Ending March 31, 2017

The Company recognizes the return of profits to shareholders one of its important management tasks. The Company therefore intends to actively return its profits through measures such as a dividend increase in response to the progress of business performance. As the Company engages in the manufacturing and sales businesses, the Company also intends to enhance its internal reserve to proactively make capital investments on an ongoing basis for the purpose of reinforcing its competitiveness in development, production and marketing. With these measures in place, the Company strives for the long-term return of profits to shareholders by firmly establishing a structure that ensures stable future earnings.

The Company proposes an ordinary dividend of ¥55 per share for the year ended March 31, 2016, an increase of ¥5 from ¥50 per share the previous fiscal year.

For the fiscal year ending March 31, 2017, the Company plans to distribute an annual dividend of ¥55 per share.

(4) Business Risks and Other Risks

Risks that could have a significant impact on the Group's operating results and financial position are discussed below. Forward-looking statements in the following sentences represent the Group's best judgment as of the date of publication and do not cover all risks related to all its businesses.

1) Economic conditions

The Group's mainstay product category is thermistors, which have a variety of applications in air-conditioning equipment, cooking devices, hot-water supply apparatuses, heating, home appliances, OA equipment, automotives and industrial equipment. The Group's operating revenue is affected by the economic conditions of the countries or regions where the products are sold. Accordingly, a possible recession or a resulting shrink in demand in Japan, Asia and Europe, etc., its major markets, could have an adverse impact on the Group's operating results and financial position.

2) Fluctuation in exchange rates

The Group operates production in China and Thailand and sales in Asia and Europe, etc. Although account items denominated in local currencies, including sales, expenses and assets in these regions, are converted to Japanese yen for the purpose of preparing consolidated financial statements, the value of such sales, assets and liabilities might be affected by changes in exchange rates at conversion, even if the value does not change in the respective local currencies. Generally, the appreciation of the yen against any other currencies tends to have adverse effects whereas the yen's depreciation has favorable effects. The Group endeavors to minimize any negative impact by reviewing the sales prices of its products as necessary. However, as the importance of overseas operations has risen increasingly including the transfer of production bases overseas, fluctuation in exchange rates could have an adverse impact on the Group's operating results and financial position.

3) Potential risk in the overseas business

Most of the Group's production and sales activities are in Japan, China and Thailand. Its business activities in overseas markets involve several potential risks described below.

a. Disadvantageous political or economic factors;
b. Unpredictable reinforcement of various regulations or revisions to laws and regulations;
c. Difficulty of securing human resources; and
d. Social disorder or chaos due to unexpected events such as terrorism, wars or natural disasters.

In addition, the Group has extended production in Thailand and Dongguan and Shanghai in China to reduce costs. However, the Group's business execution may be disrupted by issues such as unpredictable situations including economic situation in China, the change in legal and tax regulations and revisions of relevant laws. In addition, issues such as difficulty to operate plants may occur in case of escalation in shortage of electricity. On the other hand, business execution of the Group could be disturbed in Thailand due to unpredictable circumstances in light of an unclear political situation that has continued since 2014 when a military junta was established by a coup d'etat.

Although the Group intends to react to such issues in a timely and appropriate manner by grasping local situation as necessary, such local circumstances could have an adverse impact on the Group's operating results and financial position.

4) Risks such as disasters

The Group has taken thorough anti-disaster measures including those to address earthquakes at its respective production bases in Japan and overseas. Moreover, at its overseas production bases, the Group has divided businesses among overseas plants to address the risk of long-term suspension of plant operation due to large-scale natural disasters such as flooding. However, the occurrence of any unexpected large-scale disaster could have a significant impact on the Group.

2. Management Policies

(1) Fundamental Management Policies

The Group aims to achieve the "No. 1" technology and quality for thermistor sensors and related products by specializing in thermistor elements and thermistor sensors. The Group intends to respond to the demands of the times relating to the "Environment," "Energy-saving" and "Safety" by enhancing technological capabilities, production capabilities and sales capabilities by estimating customer needs and swiftly and flexibly responding to them through customer-focused sales activities.

To develop "Shibaura's thermistors" as a global brand, the Group will further focus on reinforcing its overseas sales activity and enhancing its overseas production bases. The Group is confident that it can improve customer satisfaction and contribute to society by raising its value as a manufacturer while pursing further differentiation in the market with efforts to develop original technologies around the core of long-accumulated fundamental technologies.

(2) Targeted Management Indicators

The Group's principal management indicator is to exceed the "Operating income margin" ratio of 10% with the aim of ensuring sustainable growth and development through a further reinforced earnings foundation.

(3) Medium- and Long-Term Management Strategies of the Company

Within the Group, the Company is the core unit that controls the entire Group in terms of product development, sales and financial affairs, and the Group intends to solidify its role. Fukushima Shibaura Electronics Co., Ltd., is the integrated plant for the production of glass-coated thermistors and is planned to reinforce its functions as the base for fundamental research and the development of thermistor elements. The thermistor elements produced there are sent to other domestic and overseas affiliates to be assembled as sensors. Some of the thermistor elements are sold globally to promote them as PSB glass-coated thermistors with an original brand meeting global standards. As the production space had become confined at the Motomiya Plant of Fukushima Shibaura Electronics Co., Ltd, the Matsukawa Plant was constructed in Matsukawa-cho, Fukushima, in November 2013, to reinforce the production capacity for elements and prepare for a subsequent increase in demand for 1,000˚C thermistors with thermal stability. The new plant has been successfully operating thereafter with sufficient production capacity for demand increase in 1000˚C thermistor elements with thermal stability. The domestic affiliates will upgrade their technical departments to sophisticate the manufacturing technology of thermistor sensors in an integrated manner with the head office and solidify their positioning as mother plants to guide plants of overseas affiliates.

Among the plants of overseas affiliates, the Shingburi Plant in Thailand, which previously had a four-building structure including a two-story building, was extended with a new two-story plant building to expand future production capacity in April 2015, bringing its production system to a five-building structure. Meanwhile, as the premises have become confined due to such extension, an adjacent lot (approx. 48,600m^2) was purchased to prepare for the future expansion of the plant. As personnel expenses have risen in recent years at the plants of overseas affiliates (Thailand and two in China), cost-cutting efforts will be undertaken on an ongoing basis by proactively automating manufacturing processes.

In sales and marketing, the Group will endeavor to increase sales while maintaining existing markets such as home appliances, air conditioning, household equipment, OA and elements in Japan and overseas. In view of recent trends of expanding new markets for hybrid and EV, to which existing products are applied, not only in Japan but also in Europe and the U.S., the Group established an overseas local sales company in the U.S. in September 2015, in addition to an overseas local sales company in Germany. These local sales companies have commenced operation and are deploying sales activity to proactively pioneer new markets. The Group plans to aggressively enter new markets such as EGR and exhaust gas control equipment for automotives, high-efficiency hot-water supply apparatuses, household ovens and fuel cells by developing new sensors equipped with 1,000˚C thermistors with thermal stability and wide-range thermistors in addition to existing products.

(4) Issues to be addressed by the Company

The Group will further reinforce its R&D systems to address the development of next-generation products and promote aggressive business activities to gain higher market shares in the temperature sensor field. Specifically, we will stimulate needs and seeds in existing markets and enter new markets by continually promoting technology-sales-integrated marketing activities, including use on onboard environment-friendly vehicles (hybrid and EV) and environment-focused applications such as exhaust gas control by high-temperature thermistors, safety measures for gas appliances and application of temperature sensors to home appliances aimed at further energy saving. At the same time, we will further reinforce our global sales structure to expand sales at overseas markets. In addition, we will dedicate all our strength to improved operating performance by promoting cost reduction on a group-wide basis with reduction in material costs and improvement in rationalization and efficiency of manufacturing.

3. Basic Concept on Adoption of Accounting Standards

The Group currently applies the Japanese GAAP primarily taking into account the comparability of the accounting periods and other factors and has no intention of changing this selection in the immediate future.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousand yen)

	Previous fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	6,957,893	6,381,725
Notes and accounts receivable—trade	5,478,186	5,418,057
Electronically recorded monetary claims—operating	124,967	441,944
Merchandise and finished goods	902,857	1,117,442
Work in process	2,458,028	2,597,051
Raw materials and supplies	979,152	1,085,137
Deferred tax assets	272,762	249,788
Accounts receivable—other	495,736	527,239
Other	89,169	113,257
Allowance for doubtful accounts	(856)	(888)
Total current assets	17,757,899	17,930,756
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,122,455	7,624,318
Accumulated depreciation	(3,722,810)	(4,023,717)
Buildings and structures, net	3,399,645	3,600,601
Machinery, equipment and vehicles	11,289,108	11,716,310
Accumulated depreciation	(8,512,237)	(9,106,556)
Machinery, equipment and vehicles, net	2,776,870	2,609,754
Land	735,854	725,780
Leased assets	6,692	6,692
Accumulated depreciation	(4,845)	(6,357)
Leased assets, net	1,846	334
Construction in progress	585,683	77,152
Other	1,468,285	1,498,117
Accumulated depreciation	(1,227,410)	(1,293,813)
Other, net	240,875	204,303
Total property, plant and equipment	7,740,775	7,217,926
Intangible assets	139,318	143,564
Investments and other assets		
Investment securities	375,677	345,996
Net defined benefit asset	183,727	80,179
Deferred tax assets	25,170	53,414
Other	240,216	216,127
Total investments and other assets	824,790	695,717
Total noncurrent assets	8,704,884	8,057,207
Total assets	26,462,784	25,987,964

(Thousand yen)

	Previous fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	2,956,671	3,134,109
Short-term loans payable	1,082,465	923,309
Income taxes payable	298,021	224,494
Accrued consumption taxes	128,959	144,292
Provision for bonuses	360,184	358,676
Provision for directors' bonuses	40,000	50,000
Other	1,351,646	1,062,315
Total current liabilities	6,217,947	5,897,196
Noncurrent liabilities		
Long-term loans payable	1,740,930	1,241,185
Lease obligations	508	—
Deferred tax liabilities	110,268	83,031
Provision for directors' retirement benefits	115,300	113,250
Net defined benefit liability	137,936	197,938
Asset retirement obligations	11,007	11,259
Other	2,885	2,885
Total noncurrent liabilities	2,118,835	1,649,550
Total liabilities	8,336,783	7,546,747
Net assets		
Shareholders' equity		
Capital stock	2,144,612	2,144,612
Capital surplus	2,069,698	2,069,698
Retained earnings	12,041,527	12,866,359
Treasury shares	(6,807)	(7,065)
Total shareholders' equity	16,249,030	17,073,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	205,270	168,285
Foreign currency translation adjustment	1,578,830	1,096,437
Total accumulated other comprehensive income	1,784,100	1,264,722
Non-controlling interests	92,869	102,889
Total net assets	18,126,000	18,441,217
Total liabilities and net assets	26,462,784	25,987,964

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net sales	20,113,330	21,261,083
Cost of sales	15,581,084	16,773,804
Gross profit	4,532,245	4,487,278
Selling, general and administrative expenses		
Freightage and packing expenses	229,924	223,431
Advertising expenses	13,470	18,878
Salaries, allowances and bonuses	1,035,276	1,070,974
Provision for bonuses	108,935	109,555
Provision for directors' bonuses	40,000	50,000
Retirement benefit expenses	79,855	126,694
Provision for directors' retirement benefits	11,243	11,950
Legal welfare expenses	138,705	153,280
Traveling and transportation expenses	155,107	160,358
Communication expenses	30,970	29,648
Commission fee	219,319	226,566
Rent expenses	2,822	2,514
Depreciation	86,563	98,040
Provision of allowance for doubtful accounts	401	59
Other	490,359	541,878
Total selling, general and administrative expenses	2,642,957	2,823,831
Operating income	1,889,288	1,663,447
Non-operating income		
Interest income	6,072	5,125
Dividend income	5,613	5,347
Foreign exchange gains	—	2,639
Commission fee	8,885	10,656
Land and house rent received	7,779	9,846
Insurance income	12,019	3,580
Subsidy income	7,150	6,659
Insurance premiums refunded cancellation	624	4,835
Other	19,802	20,651
Total non-operating income	67,947	69,341
Non-operating expenses		
Interest expenses	18,803	14,972
Compensation expenses	1,512	954
Foreign exchange losses	4,922	—
Other	5,782	6,816
Total non-operating expenses	31,020	22,742
Ordinary income	1,926,215	1,710,046

(Thousand yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Extraordinary income		
Gain on sales of noncurrent assets	374,791	743
Subsidy income	—	112,700
Gain on bargain purchase	30,078	—
Total extraordinary income	404,870	113,443
Extraordinary losses		
Loss on disposal of noncurrent assets	24,166	7,182
Loss on reduction of noncurrent assets	—	112,700
Total extraordinary losses	24,166	119,882
Income before income taxes	2,306,919	1,703,607
Income taxes—current	571,402	495,704
Income taxes—deferred	72,496	(16,155)
Total income taxes	643,899	479,549
Net income	1,663,020	1,224,058
Net income attributable to non-controlling interests	14,233	10,505
Net income attributable to owners of parent	1,648,786	1,213,552

Consolidated Statements of Comprehensive Income

(Thousand yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net income	1,663,020	1,224,058
Other comprehensive income		
Valuation difference on available-for-sale securities	85,440	(36,984)
Foreign currency translation adjustment	810,772	(482,393)
Total other comprehensive income	896,212	(519,377)
Comprehensive income	2,559,233	704,680
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,544,999	694,175
Comprehensive income attributable to non-controlling interests	14,233	10,505

(3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2014 to March 31, 2015)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	2,144,612	2,069,698	10,730,552	(6,356)	14,938,506
Changes of items during the period					
Dividends of surplus			(310,985)		(310,985)
Net income attributable to owners of parent			1,648,786		1,648,786
Purchase of treasury shares				(450)	(450)
Change in the scope of consolidation			(26,827)		(26,827)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	1,310,974	(450)	1,310,523
Balance at the end of current period	2,144,612	2,069,698	12,041,527	(6,807)	16,249,030

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	119,829	768,058	887,887	145,199	15,971,594
Changes of items during the period					
Dividends of surplus					(310,985)
Net income attributable to owners of parent					1,648,786
Purchase of treasury shares					(450)
Change in the scope of consolidation					(26,827)
Net changes of items other than shareholders' equity	85,440	810,772	896,212	(52,330)	843,882
Total changes of items during the period	85,440	810,772	896,212	(52,330)	2,154,406
Balance at the end of current period	205,270	1,578,830	1,784,100	92,869	18,126,000

Current fiscal year (From April 1, 2015 to March 31, 2016)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	2,144,612	2,069,698	12,041,527	(6,807)	16,249,030
Changes of items during the period					
Dividends of surplus			(388,720)		(388,720)
Net income attributable to owners of parent			1,213,552		1,213,552
Purchase of treasury shares				(257)	(257)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	824,832	(257)	824,574
Balance at the end of current period	2,144,612	2,069,698	12,866,359	(7,065)	17,073,604

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	205,270	1,578,830	1,784,100	92,869	18,126,000
Changes of items during the period					
Dividends of surplus					(388,720)
Net income attributable to owners of parent					1,213,552
Purchase of treasury shares					(257)
Net changes of items other than shareholders' equity	(36,984)	(482,393)	(519,377)	10,020	(509,357)
Total changes of items during the period	(36,984)	(482,393)	(519,377)	10,020	315,217
Balance at the end of current period	168,285	1,096,437	1,264,722	102,889	18,441,217

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes	2,306,919	1,703,607
Depreciation	1,217,284	1,392,323
Increase (decrease) in allowance for doubtful accounts	(63)	59
Gain on bargain purchase	(30,078)	—
Increase (decrease) in provision for directors' bonuses	—	10,000
Increase (decrease) in net defined benefit liability	(161,229)	167,331
Increase (decrease) in provision for directors' retirement benefits	11,243	(2,050)
Interest and dividend income	(11,685)	(10,473)
Interest expenses	18,803	14,972
Foreign exchange losses (gains)	(23,563)	971
Loss (gain) on disposal of noncurrent assets	(350,625)	6,438
Loss on reduction of noncurrent assets	—	112,700
Subsidy income	—	(112,700)
Decrease (increase) in notes and accounts receivable—trade	46,636	(385,855)
Decrease (increase) in inventories	(394,727)	(575,526)
Decrease (increase) in accounts receivable—other	4,019	(2,535)
Decrease (increase) in consumption taxes refund receivable	(213,788)	(29,627)
Decrease (increase) in other current assets	(19,015)	(31,161)
Increase (decrease) in notes and accounts payable—trade	127,828	266,901
Increase (decrease) in accrued consumption taxes	82,778	15,332
Increase (decrease) in other current liabilities	41,505	8,778
Other, net	24,946	10,592
Subtotal	2,677,188	2,560,079
Interest and dividend income received	11,815	10,607
Interest expenses paid	(19,893)	(14,437)
Proceeds from subsidy income	—	112,700
Income taxes paid	(626,355)	(560,039)
Income taxes refund	—	51
Net cash provided by (used in) operating activities	2,042,755	2,108,962

(Thousand yen)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Cash flows from investing activities		
Payments into time deposits	(170,910)	(306,952)
Proceeds from withdrawal of time deposits	149,479	318,248
Purchase of property, plant and equipment	(1,719,252)	(1,507,935)
Proceeds from sales of property, plant and equipment	632,697	792
Purchase of intangible assets	(50,372)	(54,195)
Other, net	(11,310)	5,933
Net cash provided by (used in) investing activities	(1,169,668)	(1,544,109)
Cash flows from financing activities		
Increase in short-term loans payable	284,310	240,000
Decrease in short-term loans payable	(351,849)	(276,914)
Proceeds from long-term loans payable	1,500,000	200,000
Repayments of long-term loans payable	(774,572)	(816,750)
Cash dividends paid	(311,136)	(388,348)
Dividends paid to non-controlling interests	(484)	(484)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(23,998)
Other, net	(38,001)	(1,770)
Net cash provided by (used in) financing activities	308,267	(1,068,266)
Effect of exchange rate change on cash and cash equivalents	105,126	(56,177)
Net increase (decrease) in cash and cash equivalents	1,286,480	(559,591)
Cash and cash equivalents at beginning of period	5,263,023	6,617,955
Increase in cash and cash equivalents from newly consolidated subsidiary	68,451	—
Cash and cash equivalents at end of period	6,617,955	6,058,363

(5) Notes to Consolidated Financial Statements

(Notes regarding Going Concern Assumptions)

Not applicable

(Significant Basis for Preparing Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 12

Names of consolidated subsidiaries:

Tohoku Shibaura Electronics Co., Ltd., Iwate Shibaura Electronics Co., Ltd., Fukushima Shibaura Electronics Co., Ltd., Kakunodate Shibaura Electronics Co., Ltd., Sannohe Shibaura Electronics Co., Ltd., Miharu Electronics Co., Ltd., Thai Shibaura Denshi Co., Ltd., Dongguan Shibaura Electronics Co., Ltd., Shanghai Shibaura Electronics Co., Ltd., Shibaura Electronics Hong Kong Co., Ltd., Shibaura Electronics Korea Co., Ltd., and Shibaura Electronics Europe GmbH

(2) Name of unconsolidated subsidiaries

Shibaura Electronics of America Corporation

Reason for excluding from the scope of consolidation:

Shibaura Electronics of America Corporation, a nonconsolidated subsidiary, is excluded from the scope of consolidation because this company's scale is small and its total assets, net sales, net income or loss (amount corresponding to the Company's equity in this company), and retained earnings (amount corresponding to the Company's equity in this company) for the fiscal year under review, have no significant impact on the consolidated financial statements.

2. Application of the Equity Method

Name of the unconsolidated subsidiary not accounted for by the equity method

Shibaura Electronics of America Corporation

Reason for not applying the equity method:

Shibaura Electronics of America Corporation is excluded from application of the equity method because its net income or loss (amount corresponding to the Company's equity in this company) and retained earnings (amount corresponding to the Company's equity in this company) have no significant impact on the consolidated financial statements of the Company for the fiscal year under review even if it is excluded from the scope of application of the equity method, and it is immaterial as a whole.

3. Closing Date of Consolidated Subsidiaries

Among consolidated subsidiaries, the closing date of Thai Shibaura Denshi Co., Ltd., Dongguan Shibaura Electronics Co., Ltd., Shanghai Shibaura Electronics Co., Ltd., Shibaura Electronics Hong Kong Co., Ltd., Shibaura Electronics Korea Co., Ltd., and Shibaura Electronics Europe GmbH are December 31. The financial statements of the respective consolidated subsidiaries as of December 31 are adopted for the preparation of consolidated financial statements, however, with necessary adjustments for consolidation purposes with regard to material transactions between their closing date and the consolidated closing date.

4. Accounting Policies

(1) Valuation standard and method for significant assets

1) Marketable securities and investment securities

Other securities

Available-for-sale securities with fair value:

Stated at fair value based on the market price, etc., as of the end of the fiscal year. (Valuation difference is reported as a component of net assets. The cost of sales is calculated using the moving-average method.)

Available-for-sale securities without fair value:

Stated at cost using the moving-average method.

2) Inventories

Valuation standard used is cost method. (Method of writing down the book value based on the decline in profitability.)

a. Finished goods and work in process

Mainly stated by the gross average method.

b. Raw materials

Mainly stated by the gross average method.

c. Merchandise and supplies

Mainly stated by the last purchase price method.

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

Mainly stated by the declining-balance method.

However, the straight-line method is applied for buildings (excluding accompanying facilities), which have been acquired on or after April 1, 1998.

The range of major useful lives is as follows:

Buildings and structures:	3–31 years
Machinery, equipment and vehicles:	4–10 years

Property, plant and equipment that were acquired on or before March 31, 2007, are equally depreciated over five years from the fiscal year following the fiscal year during which depreciation is completed up to the depreciable limit amount.

2) Intangible assets (excluding leased assets)

Software for internal use is amortized by the straight-line method over the estimated internal useful life (five years).

3) Leased assets

Leased assets for finance leases without transfer of ownership

Amortized by the straight-line method assuming the lease period as the useful life.

4) Long-term prepaid expenses

Equally amortized using the straight-line method.

(3) Accounting for significant provisions

1) Allowance for doubtful accounts

Recorded at the amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability of each doubtful receivable for specific doubtful receivables.

2) Provision for bonuses

Recorded at the amount estimated to be incurred for the fiscal year under review for possible payment of bonuses to employees.

3) Provision for directors' bonuses

Recorded by the Company at the estimated amount of payment corresponding to the fiscal year under review for the possible disbursement of bonuses to Directors.

4) Provision for directors' retirement benefits

Recorded by the Company at the required amount as of the end of the fiscal year under review based on its regulations on directors' retirement benefits to prepare for the possible disbursement of retirement benefits to Directors.

(4) Accounting for retirement benefits

The Company and its consolidated subsidiaries apply the simplified method in calculating net defined benefit liability and retirement benefit expenses, in which projected benefit obligations shall be the amount required for the retirement benefits for voluntary termination at the end of fiscal year,.

At Fukushima Shibaura Electronics Co., Ltd., a consolidated subsidiary for possible payment of employees' postretirement benefits, the amount to be accrued as of the end of the fiscal year is calculated based on projected benefit obligations and the expected amount of plan assets as of the end of the fiscal year. In calculating the expected benefit amount, the benefit formula basis is used to allocate the projected retirement benefits to periods up to the end of the fiscal year under review.

(Additional information)

Effective from the end of the fiscal year ended March 31, 2016, Fukushima Shibaura Electronics Co., Ltd., a consolidated subsidiary, has changed its method for calculating the projected benefit obligations from the previous simplified method to the principle method because the number of its employees covered by the retirement benefit plan exceeded 300.

In association with this change, net defined benefit liability at the end of the fiscal year under review increased by ¥222,915 thousand, and the same amount was reported under cost of sales and selling, general and administrative expenses as retirement benefit expenses.

(5) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the consolidated closing date, and differences arising from such translation are charged to income or loss. The asset and liability accounts of the overseas subsidiaries are translated into Japanese yen at the spot exchange rates as of the consolidated closing date. The revenue and expense accounts of the overseas subsidiaries are translated into Japanese yen based on the average exchange rate during the fiscal year under review, and differences arising from such translation are included in “Foreign currency translation adjustment” and “Non-controlling interests” under “Net Assets.”

(6) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks that can be withdrawn at any time and short-term investments with a maturity of three months or less from the date of acquisition, which can easily be converted to cash and are subject to little risk of change in value.

(7) Other significant matters for preparing consolidated financial statements

Accounting for consumption taxes

Transactions subject to the consumption taxes and a local consumption taxes are recorded at amounts exclusive of the consumption taxes.

(Change in Accounting Policies)

The "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on September 13, 2013; hereinafter the "Accounting Standard for Business Combinations"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on September 13, 2013; hereinafter the "Accounting Standard for Consolidated Financial Statements") and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 issued on September 13, 2013; hereinafter the "Accounting Standard for Business Divestitures") have been applied effective from the fiscal year ended March 31, 2016. Consequently, method of recording have been changed for differences in the Company's equity in subsidiaries in case the Company retains control to be under capital surplus, and acquisition-related cost as expenses for the fiscal year in which it was incurred. With regard to business combinations on and after the beginning of the fiscal year under review, the accounting method has been changed so that revision to allocation of acquisition cost due to finalization of temporary accounting treatment will be reflected in the consolidated financial statements for the fiscal year in which the business combination occurred. In addition, the presentation of net income, etc., has been changed and "minority interests" has been changed to "non-controlling interests." To reflect these changes in presentation, the consolidated financial statements have been reclassified for the previous fiscal year.

As for the application of the Accounting Standard for Business Combinations, etc., provisional accounting treatment, which is set forth in Paragraph 58-2, Item 4 of the Accounting Standard for Business Combinations, Paragraph 44-5, Item 4 of the Accounting Standard for Business Combinations and Paragraph 57-4, Item 4 of the Accounting Standard for Business Divestitures, has been applied from April 1, 2015 onward.

In the consolidated statement of cash flows for the fiscal year ended March 31, 2016, cash flows for the purchase or sales of shares of subsidiaries not resulting in change in the scope of consolidation have been changed to be included under "Cash flows from financing activities," whereas cash flows for the acquisition-related costs for purchase of shares of subsidiaries resulting in change in the scope of consolidation or for the expenses for purchase or sales of shares of subsidiaries not resulting in change in the scope of consolidation have been changed to be included under "Cash flows from operating activities."

There was no impact of these changes on the consolidated financial statements or per-share information for the fiscal year ended March 31, 2016.

(Change in Presentation Method)

(Consolidated Balance Sheets)

Effective from the fiscal year ended March 31, 2016, "Electronically recorded monetary claims—operating," which was included in "Notes and accounts receivable—trade" under "Current assets" for the previous fiscal year, is separately presented due to its increased monetary importance. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥5,603,154 thousand, which was included in "Notes and accounts receivable—trade" under "Current assets" in the consolidated balance sheets for the previous fiscal year, has been reclassified as ¥5,478,186 thousand in "Notes and accounts receivable—trade" and ¥124,967 thousand in "Electronically recorded monetary claims—operating."

(Segment Information, etc.)

(Segment information)

1. Summary of reportable segments

The reportable segments of the Company are components for which discrete financial information is available and which are subject to regular review by the President in order to make decisions on allocation of management resources to and assess the performance of the respective segments.

The Company mainly engages in production and sales of thermistors. In Japan, the Company, and overseas, local subsidiaries in Asia (primarily in China and Thailand) conduct production and sales operations. The overseas local subsidiaries are independent business entities, and therefore they plan their own comprehensive strategies on product lines for each region and deploy their own business activities.

Accordingly, the Company consists of geographical segments based on production and sales systems, and the three reportable segments are "Japan," "Asia" and "Europe." Each reportable segment produces and sells thermistors, as well as temperature/humidity sensors and other products.

2. Calculation method of net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting method for the reportable segments is predominantly identical to the description in "Significant Basis for Preparing Consolidated Financial Statements."

The segment income or loss are based on operating income or loss. The amounts of inter-segment sales and transfers are calculated based on prevailing market prices.

3. Net sales, income or loss, assets and other items by reportable segment

Previous fiscal year (From April 1, 2014 to March 31, 2015)

(Thousand yen)

	Reportable segment			Total
	Japan	Asia	Europe	
Net sales				
Net sales to external customers	13,846,702	5,839,112	427,515	20,113,330
Inter-segment sales or transfers	2,708,421	4,752,439	54,437	7,515,298
Total	16,555,123	10,591,552	481,953	27,628,629
Segment income	1,860,812	612,357	29,967	2,503,136
Segment assets	15,837,046	8,357,726	104,292	24,299,066
Other items				
Depreciation	808,404	390,974	—	1,199,379
Increase in amounts of property, plant and equipment and intangible assets	1,147,069	604,875	51	1,751,997

Current fiscal year (From April 1, 2015 to March 31, 2016)

(Thousand yen)

	Reportable segment			Total
	Japan	Asia	Europe	
Net sales				
Net sales to external customers	14,246,373	6,288,833	725,876	21,261,083
Inter-segment sales or transfers	2,886,731	4,460,179	53,167	7,400,078
Total	17,133,104	10,749,012	779,044	28,661,161
Segment income	1,798,395	534,625	31,048	2,364,069
Segment assets	16,381,114	8,416,573	162,391	24,960,079
Other items				
Depreciation	904,701	475,625	60	1,380,387
Increase in amounts of property, plant and equipment and intangible assets	890,991	657,993	331	1,549,316

4. Differences between the total of the reportable segments and the carrying amounts on the consolidated financial statements, as well as the major content of said differences (adjustment of differences)

(Thousand yen)

Net sales	Previous fiscal year	Current fiscal year
Total of the reportable segments	27,628,629	28,661,161
Elimination of inter-segment transactions	(7,515,298)	(7,400,078)
Net sales on the consolidated financial statements	20,113,330	21,261,083

(Thousand yen)

Income	Previous fiscal year	Current fiscal year
Total of the reportable segments	2,503,136	2,364,069
Elimination of inter-segment transactions	(15,087)	(16,580)
Corporate expenses (Note)	(598,760)	(684,041)
Operating income on the consolidated financial statements	1,889,288	1,663,447

Note: Corporate expenses mainly refer to general and administrative expenses that are not distributed to each reportable segment.

(Thousand yen)

Assets	Previous fiscal year	Current fiscal year
Total of the reportable segments	24,299,066	24,960,079
Elimination of inter-segment transactions	(3,636,214)	(3,999,056)
Corporate assets (Note)	5,799,932	5,026,942
Total assets on the consolidated financial statements	26,462,784	25,987,964

Note: Corporate assets consist mainly of surplus funds (cash), long-term investments (investment securities) and certain assets related to corporate administrative departments that are not distributed to each reportable segment.

(Thousand yen)

Other items	Total of reportable segments		Adjustment		Carrying amount on the consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,199,379	1,380,387	17,904	11,936	1,217,284	1,392,323
Increase in amounts of property, plant and equipment and intangible assets	1,751,997	1,549,316	17,627	12,814	1,769,624	1,562,131

Note: The adjustment for increase in amounts of property, plant and equipment and intangible assets refers to the increase of software, etc., resulting from the improvement of the Company's computer system.

(Per-Share Information)

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Net assets per share	¥2,319.55	¥2,358.85
Basic earnings per share	¥212.08	¥156.10

Notes:
1. Diluted earnings per share is not provided because the Company had no securities with dilutive effects.
2. The basis for calculation of basic earnings per share is as follows:

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)
Basic earnings per share		
Net income attributable to owners of parent (Thousand yen)	1,648,786	1,213,552
Amounts not attributable to common shareholders (Thousand yen)	—	—
Net income attributable to owners of parent regarding common shares (Thousand yen)	1,648,786	1,213,552
Average number of common shares during the fiscal year (Shares)	7,774,499	7,774,331

3. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)
Total net assets (Thousand yen)	18,126,000	18,441,217
Amounts deducted from total net assets (Thousand yen)	92,869	102,889
(Non-controlling interests included therein) (Thousand yen)	(92,869)	(102,889)
Net assets regarding common shares at the end of fiscal year (Thousand yen)	18,033,130	18,338,327
Number of common shares at the end of fiscal year used for calculation of net assets per share (Shares)	7,774,410	7,774,268

(Significant Subsequent Events)
Not applicable

5. Others

(1) Changes in Corporate Officers

1) Transfer of representative
   Not applicable

2) Transfers of other corporate officers (scheduled for June 29, 2016)
   Not applicable